

Message Text

CONFIDENTIAL

PAGE 01 GEORGE 01015 191437Z

43/67

ACTION ARA-20

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 GSA-02 INT-08 FEAE-00 FPC-01 PA-04

PRS-01 USIA-15 DRC-01 /172 W
----- 078024

R 181950Z JUN 74

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC 9870

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY KINGSTON

AMEMBASSY PORT OF SPAIN

AMEMBASSY CARACAS

C O N F I D E N T I A L GEORGETOWN 01015

C O R R E C T E D C O P Y (CORRECTION OF THE WORD ALUMINUM TO
READ ALUMINA IN SUMMARY PARA. AND PARA 4. OF MSG)

E.O. 11652: GDS

TAGS: EMIN, GY, US, JM, TD

SUBJECT: ALUMINUM- PM BURNHAM'S VIEWS ON REYNOLDS NEGOTIATION AND
TRIPARITE SMELTERS PROJECT

REF: GEORGETOWN 0956; GEORGETOWN 0757

SUMMARY: BURNHAM TOLD AMBASSADOR HE BELIEVES GOG CAN
NEGOTIATE MUTUALLY ACCEPTABLE PARTICIPATION (OR TAKEOVER)
AGREEMENT WITH REYNOLDS, AVOIDING OPIC INVOLVEMENT. HE
IS SATISFIED WITH GUYBAU PERFORMANCE AND SAID GOG NOW
NEGOTIATING WITH TRINIDAD TO COVER GUYANA'S 33 PERCENT
SHARE IN FINANCING JOINT SMELTER PROJECT BY MEANS OF
LONG-TERM CONTRACT FOR ALUMINA SUPPLY. END SUMMARY.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 GEORGE 01015 191437Z

1. I SAW PM BURNHAM JUNE 17 FOR TOUR D'HORIZON PRIOR

CONSULTATION/HOME LEAVE AND TO INTRODUCE NEW DCM. DURING 2-HOUR SESSION, CONVERSATION TURNED TO ALUMINUM WHEN I SAID MY TRAVEL PLANS HAD HINGED ON EXPECTATION JULY-AUGUST LIKELY BE CALM WITH NO IMPORTANT BILATERAL MATTERS EXPECTED TO ARISE. BURNHAM SAID "YOU'RE NOT WORRIED ABOUT REYNOLDS, ARE YOU? WE'RE GOING TO NEGOTIATE WITH THEM BUT WE DON'T EXPECT ANY PROBLEMS. ANYHOW, REYNOLDS IS SMALL POTATOES IN TERMS OF U.S. INTERESTS."

2. BURNHAM THEN POSED QUESTION: "SUPPOSE WE REACH MUTUALLY SATISFACTORY AGREEMENT WITH REYNOLDS. WHERE WOULD THAT LEAVE OPIC?" I REPLIED THAT WITHOUT DETAILED KNOWLEDGE OF OPIC POLICY ON THE REYNOLDS INVESTMENT, WHICH I UNDERSTOOD COVERED ONLY ROUGHLY \$15 MILLION INVESTED SINCE 1965, I COULDN'T ANSWER HVJ QUESTION AUTHORITATIVELY. HOWEVER, IT SEEMED LOGICAL TO ME THAT IF THROUGH GENUINE NEGOTIATION, AGREEMENT REACHED WHICH WAS ACCEPTABLE TO BOTH PARTIES, THERE WOULD BE NO BASIS FOR CLAIM AGAINST OPIC INSURANCE. AT SAME TIME, I WOULD HAVE TO SAY THAT THESE ARE VERY COMPLEX MATTERS ON WHICH EVEN LAWYERS CAN HAVE DIFFERENT OPINIONS. BURNHAM ACCEPTED THIS ANSWER WITHOUT FURTHER COMMENT AND WITHOUT ELABORATING FURTHER ON HIS INTENTIONS REGARDING TIMING OR SUBSTANCE OF NEGOTIATIONS WITH REYNOLDS. HE APPEARED TO BE TRYING TO GIVE IMPRESSION HE WAS IN NO HURRY AND THAT HE WAS CONFIDENT HE COULD COME TO TERMS WITH REYNOLDS.

3. I SAID I HAD BEEN FAVORABLY IMPRESSED WITH WHAT I HAD SEEN OF BOTH OPERATIONS AND MANAGEMENT PERSONNEL WHEN I VISITED GUYBAU PLANT EARLY MAY. I ASKED HOW HE VIEWED CURRENT GUYBAU PERFORMANCE. BURNHAM SAID GUYANESE TEAM WAS DOING EXCELLENT JOB. HE CITED AS EXAMPLE IMPROVEMENT IN OPERATING EFFICIENCY OF CALCINED BAUXITE KILNS. FORMERLY IT TOOK 4-5 WEEKS DOWN-TIME FOR PERIODIC OVERHAULS WHICH ARE NOW BEING COMPLETED IN LESS THAN 2 WEEKS. HE SAID PRODUCTION IS INCREASING AT SATISFACTORY RATE AND MARKET CONDITIONS ARE FAVORABLE.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 GEORGE 01015 191437Z

4. I SAID RECENTLY SIGNED TRIPARTITE AGREEMENT (GUYANA, TRINIDAD-TOBAGO, AND JAMAICA) TO INSTALL SMELTERS IN TRINIDAD AND GUYANA APPEARED TO EMBODY BOTH LOGICAL SHARING OF RESOURCES AND GOOD DEVELOPMENT PROSPECTS. I ASKED IF GUYANA'S 33 PER CENT CONTRIBUTION TO CAPITAL OF FIRST SMELTE TO BE CONSTRUCTED IN TRINIDAD WOULD REQUIRE CASH OUTLAY. BURNHAM SAID

THREE COUNTRIES WILL JOINTLY SEEK INTERNATIONAL FINANCING FOR MAJOR PORTION OF CAPITAL REQUIREMENT. HOWEVER, BECAUSE OF ITS CURRENT SHORTAGE OF FUNDS, GUYANA IS EXPLORING WITH TRINIDAD THE FEASIBILITY OF AN ARRANGEMENT WHEREBY TRINIDAD WOULD ACCEPT AS PART OF GUYANA'S CONTRIBUTION TO SHARE CAPITAL A LONG-TERM CONTRACT TO SUPPLY ALUMINA TO THE SMELTER. HE DID NOT ELABORATE.

5. BURHAM ALSO ASKED WHAT WAS PRESENT USG POSITION ON JAMAICAN NEGOTIATIONS WITH ALUMINUM MULTINATIONALS. I SAID AS HE WAS AWARE USG HAD NOT SO FAR BECOME DIRECTLY INVOLVED, THAT AT LEAST TWO COMPANIES WERE SEEKING INTERNATIONAL ARBITRATION AND THAT SECOND STAGE OF NEGOTIATIONS OVER LAND OWNERSHIP, GOJ OWNERSHIP PARTICIPATION, ETC. WERE STILL AHEAD. BURNHAM MUSED OUT LOUD RE EFFECT OF GOJ TAX LEVY ON FINISHED ALUMINUM PRICES IN U.S. I SAID SEVERAL COMPANIES HAD JUST RAISED PRICE BY SOMETHING BETWEEN ONE AND ONE AND HALF CENTS PER POUND, BUT IT WASN'T CLEAR TO WHAT EXTENT THIS ATTRIBUTABLE TO JAMAICAN TAX. KREBS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRIME MINISTER, ALUMINUM, BAUXITE, AGREEMENTS, JOINT VENTURES, PROGRAMS (PROJECTS), NEGOTIATIONS, MINING INDUSTRY, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 18 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: WorrelSW
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974GEORGE01015
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740159-1190, D740159-0102
From: GEORGETOWN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740637/aaaabfcn.tel
Line Count: 136
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: GEORGETOWN 0956; GEORGETOWN 0757
Review Action: RELEASED, APPROVED
Review Authority: WorrelSW
Review Comment: n/a
Review Content Flags:
Review Date: 10 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 SEP 2002 by WorrelSW>; APPROVED <05 MAR 2003 by WorrelSW>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ALUMINUM- PM BURNHAM'S VIEWS ON REYNOLDS NEGOTIATION AND TRIPARITE SMELTERS PROJECT
TAGS: EMIN, GY, US, JM, TD, REYNOLDS, REYNOLDS ALUMINUM, (BURNHAM)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005